

Interview with Richard M. Bissell Jr.

The Association for Diplomatic Studies and Training Foreign Affairs Oral History Project

RICHARD M. BISSELL, JR.

Interviewed by: Melbourne Spector

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[Note: This transcript was not edited by Mr. Bissell.]

Q: We are in Mr. Bissell's office in Farmington, Connecticut. This oral history interview is a part of the Marshall Plan Oral History Project, which is financed by a grant by Mr. John J. Grady. The project is a part of the Foreign Affairs Oral History Program at the Association for Diplomatic Studies. It is located in the Lauinger Library at Georgetown University. Copies of this interview will be available at the university, at the George Marshall Foundation and at the Foreign Institute of the Department of State.

Mr. Bissell has a very distinguished career in academia and in the government and in the private sector. In academia, he has taught at Yale University and at the Massachusetts Institute of Technology. In the government, he served in various high positions—the Department of Commerce; the war agencies; the Economic Cooperation Administration, which was the organization that administered the Marshall Plan; the Central Intelligence Agency. In industry, he served with the United Aircraft Corporation; he's been a consultant in various industries and to the government; served on various boards, both public and private; is an author of numerous articles; and he is still active. He was awarded the National Security Medal.

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Mr. Bissell, I'm sure I'm not covering everything, but I don't intend to. Mr. Bissell, I would like you to reminisce about your activities with the Marshall Plan; but to begin with, what led up to the enactment of the legislation of the Marshall Plan, including the so-called Harriman Committee.

Mr. Bissell, it's all yours.

BISSELL: I had, of course, read about General Marshall's speech. I was at that time on the faculty of MIT and living in Cambridge, and there was a great deal of discussion of the speech, of what the European response would be, and what steps would follow to implement Secretary Marshall's broad proposal.

I was aware just through the press that by early in the summer following his speech at Harvard, the Committee for European Economic Cooperation had been formed in Europe, primarily on the initiative, I believe, of the British Government, and the Chairman of that was Oliver Franks. That committee produced a report, brought that report over, and submitted it to the US Government, I believe, in the latter part of July.

My first direct connection with the Marshall Plan came in the form of a telephone call from Averell Harriman, whom I had known during the war, in which he told me of the formation of what came to be called the President's Committee on Foreign Aid. He said that there had been a preliminary first meeting of that body in Washington under his chairmanship and that they were looking for an executive secretary and were inviting me to fill that position.

I agreed to do so but could not start on it until about the first of September. And I did go to Washington about that time and met Averell and was extremely active in the affairs of the committee from that time until its report was rendered, I believe, in late November.

I had the advantage of knowing the ropes a bit within the Civil Service and how things worked in a government department. There was very little precedent, at least very little

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US precedent, I believe, for this kind of undertaking. There were at least two committees formed within the executive branch—interdepartmental committees. The better known of them was chaired, I think, by General Bonesteel, appointed by Robert Lovett from the State Department, and it was the coordinating committee for the preparation of a plan within the executive branch.

But it was also felt, I think, as the event proved wisely, that there should be a group of distinguished non-governmental individuals who could review the submission of the European committee and express its own judgment on a proper course of action for the United States. That was the Harriman Committee, so called because it was chaired by Harriman, who was then Secretary of Commerce.

Q: So although he was a member of the government, some members of the committee were not in the government?

BISSELL: Nobody else on the committee, except Averell, was actually a government employee.

Q: Could you tell us who some of those were and their affiliation?

BISSELL: Yes. I don't remember them all. One of the most active was Robert LaFollette. Another extremely active member when he could get the time was Paul Hoffman. I had never known LaFollette. I had known Hoffman quite well in connection with the committee in the CED, the Committee for Economic Development. A president of the Ayrshire Coal Company, Robert Koenig, was on it.

Q: Of the what, sir?

BISSELL: Of a coal company in Indiana.

There were at least three members of the committee who were taken from the labor movement. The one that I remember and knew best was James Kerry from the electrical

Library of Congress

union. I don't remember its correct official name. Well, other names will probably come to me in the course of this, but those are the ones that occur to me right away. Oh, another one that I'll mention is Granville Conway, who had been deputy war shipping commissioner during the war and had a distinguished record in government in that capacity.

Q: And you'd known him during the war, didn't you?

BISSELL: I'd known him during the war. By this time, he was in private business in New York.

A decision was made quite early, probably at the next meeting of the full committee, that it would establish a series of subcommittees, I believe along industry lines, or at least functional lines. And I could readily look it up, but some six or eight such committees were established, so that I and my staff did quite a lot of traveling to keep up with their meetings, as well as the rather infrequent meetings of the full committee in Washington.

All of the subcommittees eventually produced reports. We postponed the writing of the full committee report until very late in the game. I think we began writing it and had quite a number of sections completed by the last meeting of the committee, which was only about a week before the report was due. There was from the start a fixed due date set by Senator Vandenberg primarily, but with the concordance by all concerned so that the report would be ready for the Congress at a time when in the congressional calendar consideration of the Marshall Plan would commence.

So we were under a very tight schedule at the end, as so often happens with these reports. We worked all night before the due date, and we did complete it and complete it on time. There was no opportunity for a meeting of the full committee after they had received their copies of the report, a meeting at which members could have commented, could have requested amendments, and the committee could have put its stamp on the

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final document. The timing was such that we had to issue it and hope that there would be no dissenting voices.

I think it was on a Thursday morning that it was completed and released to the press, or given to the press for release Friday morning. And to our pleased surprise, it produced headlines all over the country, perhaps more in the northeast and in the west simply because of greater intensity of interest in Europe in that part of the United States. The comments on the report were, I think without exception, very laudatory. It had such a favorable reception that no member of the committee stood up to take exception to it or dissent from it, and so the record shows that it was a unanimous report of what I still believe was a fairly distinguished group.

Q: This group represented, as you said, various facets of American society in industry, labor.

BISSELL: That's correct. There were a couple of academicians. There was a banker, maybe two. There was Mr. Batchelder, who was head of a specialty steel company. He had been active in the War Production Board during the war. There were several individuals representing agriculture. I think only one of these owned an agricultural operation in Nebraska. Two others, at least, were from distinguished agricultural colleges, one from Ames, Iowa, and one from Cornell in New York state. And there were a few academicians, so it really was a very broad coverage.

Q: This is an insert. The President's Committee on Foreign Aid included the Honorable W. Averell Harriman, Secretary of Commerce, Chairman; Hiland Batchelder, President of Allegheny Ludlum Steel Corporation; Robert Earl Buchanan, Dean, Graduate College, Iowa State College; W. Randolph Burgess, Vice Chairman, National City Bank of New York; James B. Kerry, Secretary-Treasurer, CIO; John L. Collier, President, B.F. Goodrich; Granville Conway, President, Cosmopolitan Shipping Company; Melville F. Cubaugh, Colorado School of Mines; Chester C. Davis, President, Federal Reserve Bank, St. Louis;

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R.R. Deupree, President, Proctor & Gamble; Paul G. Hoffman, President, Studebaker Corporation; Calvin B. Hoover, Dean, Graduate School, Duke University; Robert Koenig, President, Ayrshire Collieries Company; Robert M. LaFollette, Jr.; Edward S. Mason, Dean, School of Public Administration, Harvard University; George Meany, Secretary-Treasurer, American Federation of Labor; Harold G. Moulton, President, Brookings Institution; William Myers, Dean, College of Agriculture, Cornell University; Robert Gordon Sprout, President, University of California, Berkeley; Owen D. Young, Honorary Chairman, Board of Directors, General Electric.

On the staff of the committee, it's interesting to note, was Richard M. Bissell, Executive Secretary; Max M. Milikan; John Davenport. One of the subcommittee's secretaries was Adrienne S. Fisher.

BISSELL: Putting ground on the president's committee, on the Harriman Committee.

Q: Well, sir, let me ask you, then was it over after you made your report?

BISSELL: Yes, I went down several short trips after that to tidy up paperwork and so on and so forth, but effectively, the work of that committee ended at that time. Oh, and also, Bob LaFollette and I both testified before the Senate Foreign Relations Committee.

Q: Did any of these members of the committee testify, too, before the Senate?

BISSELL: My recollection is they did not, except, of course, Averell Harriman. But I do not believe that others testified.

Q: How did this committee relate, if at all, with the committee on the European Recovery Program that you said Bonesteel was the head of? Did you coordinate with them in any way?

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BISSELL: We coordinated. Yes, we did coordinate. And I sat in, as a rule, on the meetings of that committee that was chaired by Bonesteel.

Q: So there was a coordination?

BISSELL: There was coordination.

Q: There was something called the Tuesday-Thursday group. Do you recall what that was?

BISSELL: At this period, I do not remember.

Q: One thing I do want to get in later is the informal relationships that people had between organizations.

So now the President's Committee on Foreign Aid has done its job, and it was very well accepted.

BISSELL: And through most of that winter, I was back in Cambridge in my capacity as an assistant professor of economics at MIT. I continued to be very interested in this subject, needless to say, but I had no active role.

The Marshall Plan was approved, finally, by Congress in the spring of 1948; I believe it was in early April. And only two or three days after the authorizing legislation was approved, Paul Hoffman was named as the administrator.

Q: Do you know anything about how he was chosen?

BISSELL: Well, I am reasonably certain that Senator Vandenberg had a lot to do with it. And I think Vandenberg made clear, probably directly to Bob Lovett—I suspect that was the channel—that the Foreign Relations Committee would be most happy, and congressional relations would be smooth by the appointment of A Republican, and the

Library of Congress

President quite promptly agreed to that. Then I don't know who actually suggested Paul Hoffman's name, but that was very acceptable all around.

He was appointed, I think, on a Tuesday, or got to Washington on a Tuesday, and the next I heard, I was in downtown Boston in some kind of a meeting, and a phone call came from Washington—this was on Wednesday morning—and it was Paul saying, “I want you to get down here right away.”

Well,” I said, “I'll come down at the end of the week.”

And he said, “No, I want you to get the very next train out of Boston.”

So I did take the next train in about two hours' time.

Q: Did you have time to pack?

BISSELL: Just barely for a weekend, I thought. And I said I would come down for the weekend, or at least in any event come down, and I said to him on the phone that I can't get a hotel room in Washington on this short notice. The scarcity of space was still very real at that time.

He said, “There's another bed in my room. You can come and sleep there.”

So I rolled into bed about 12:00 or 1:00 in the morning, and he said, “The first meeting will be a business breakfast at 7:00 a.m. in this room.”

Q: In what hotel was it, Mr. Bissell?

BISSELL: I think it was the Statler. I'm pretty sure it was.

Q: On 16th and K?

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BISSELL: It is on 16th and K. And at that moment, the organization consisted of Paul, a friend of his who was a partner, and Tex Moore.

Q: Who I think was a brother-in-law.

BISSELL: Oh, yes. I guess that's true.

Q: I think he was related to Mr. Hoffman.

BISSELL: And who was a tower of strength, an excellent man to have there. I think Fitzgerald—Q: Is that Dr. Dennis Fitzgerald?

BISSELL: Dennis Fitzgerald had already been tapped by Paul, and I think he may have been at the breakfast. I'm not sure of it. There was another gentleman from the Department of Commerce, Wayne Taylor.

Q: Oh, yes. Wayne Taylor.

BISSELL: Wayne Chatfield Taylor, I think it was.

Q: Correct. I think he was Under Secretary.

BISSELL: He was, I believe. And that was about it. There may have been one or two more.

Almost that first day, however, Paul had asked for an able administrator to be assigned to the program, and that's when Don Stone was assigned and stayed with it, of course, all the way through.

So that was the group that assembled for breakfast. We had space in the Maiatico Building, which was still being partitioned and finished—extreme confusion.

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Q: How well I remember. I was there.

BISSELL: You were in the middle of that?

Q: You remember when they would put up the partitions, they had a gun?

BISSELL: They had explosive rivets, yes.

Q: And every once in a while, you'd get jolted out of your seat.

BISSELL: Right. It was, as I say, a scene of nearly total chaos. At the end of that same week—well, the end of the week . . . I got there only on Thursday morning, and by late in the day, I think I got a call from Paul Nitze in the State Department. Paul had played a major role in the preparatory work, and he said, “You people really have got to get moving. This is no fake crisis. There are several participating countries that are just about to run out of dollar exchange, and they're going to have to stop signing contracts for various imports that they need.”

Paul had assembled, or there had been assembled in his office, about fifty or sixty procurement authorizations, which you remember was the legal document that obligated funds internally within the U.S. Government and also committed funds for a specific designated transaction to one of the participating countries. And these were brought over, I guess, to Paul Hoffman's office, and I wanted to find out, or work out, with Paul, who was doing the signing, but Paul was just desperately busy. Most of his time in the first few weeks had to go on recruiting personnel.

I had experience working in different parts of the government, as I said earlier, and knew a little bit how normal procedure there worked. Tex Moore, for instance, had never had that and really didn't know what levers to pull and push. So I finally got the whole bundle of procurement authorizations. And I got a young assistant of mine, whose name is listed on the staff of the Harriman Committee, Sam Van Hining, and I think he was then in

Library of Congress

the Department of Commerce—but in any event, I borrowed him, and I told him to look through all of these and to select any that it would be imprudent to approve at this time.

Obviously, He had no opportunity to research individual procurement requests, but what I wanted him to look for especially were politically sensitive requests, such as for luxury imports, large automobiles, anything of that kind. I felt that just one or two cases in which the first things financed by the Marshall Plan were a Cadillac for the Ministry of the Interior would get us in deep trouble.

So Sam took these away, and he came back Friday afternoon. I think he had weeded out about fifteen or twenty, and there were some thirty-five, I think, to be signed; maybe more than that. In any case, I sat down and signed them all. And they went from there, as I remember it—you probably remember better than I do—they went from there to the controller's office and then to the representative of the requesting government, and these began to flow immediately. I know that I obligated a number of millions of Marshall Plan aid, the first that was spent, that Friday afternoon.

Q: Can you tell me what you think some of those commodities were?

BISSELL: Oh, it was a range of—

Q: Everything?

BISSELL: Very heterogeneous, yes. The way the system worked was that a private importer dealing with a private exporter would negotiate a transaction. The importer would prepare a document that was a request for a dollar exchange to finance the import transaction. That would go to the central bank of the participating country.

The central bank would then attach it to, or make it a part of, a procurement request. That would then come to the agency and be signed, and it then became a procurement

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authorization. So that what you got, especially perhaps at the beginning of the program, was a paper covering a miscellaneous sample of imports.

Q: At this time, there was not an opportunity, of course, for a regional organization in Europe to give approval.

BISSELL: No, and there was no such organization.

Q: There wasn't one at that time.

BISSELL: At that time. And, as a matter of fact, I don't believe that procurement authorizations ever were routed through Europe, through either the country missions or the Paris office.

Q: They were more concerned with the overall fund allocations among countries.

BISSELL: That's right, yes. And even that was finally made in Washington, but there was a lot of discussion back and forth between Washington and the field on that subject.

Q: Now, Mr. Bissell, on the organization of the office in Washington, did you participate in deciding whether or not there should be a controller, program division and that kind of thing, or how functions were allocated?

BISSELL: I did, especially at certain points, although the organization seemed to fall into place fairly naturally. Early in the game, it was clear that we had to have some expertise in commodities, especially food. And I think it was called—again, you'll remember better than I—the Food and Agricultural Division, headed by Dennis Fitzgerald, and very ably. He and I had a little friction in the very early stages of the program, but not seriously, and we became good friends and very effective collaborators as it went on.

It seemed pretty obvious that we were going to have to have officers, at least one officer, responsible for each participating country, and these became the country branches of the

Library of Congress

program division, I think it was called. There was a lot of interest, especially perhaps at the beginning, in industrial projects, and so an industry division was established.

And aside from those three, the other one that was a major concern to me I think was called the Fiscal and Monetary Policy Division. As its title implies, it was concerned broadly with issues of fiscal and monetary policy, and the head of that division came to be our representative on the National Monetary Council. I've forgotten the name.

Q: Yes, that was the coordinating committee in the government.

BISSELL: The coordinating body that preceded the Marshall Plan by a considerable time. Wayne Taylor, I think, was initially the head of that division, but in a very informal capacity. And then, when what became my position as assistant administrator for program was established, the Industry, Food and Agriculture Divisions, the Program Division—that's not its full name—and the Monetary and Fiscal Policy Division all reported to me.

By that time, Wayne, who was at all times only a part-time assigned, began to serve simply as a consultant to Paul Hoffman and withdrew himself, as it were, from the line of command. That arrangement persisted at least for the first three years of the Marshall Plan, and probably longer than that.

Q: There was, I think it was called, a Public Advisory Committee that was set up. I wonder if you'd talk a little bit about that and what its relationship to the organization was.

BISSELL: Well, it was a Public Advisory Committee. I believe that Mr. George Meade was its first chairman. There may have been another chairman. It was about five or six individuals, I think most of them quite distinguished. I don't remember the exact numbers, nor do I remember beyond George Meade.

Q: But I do have that on another interview.

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BISSELL: I think that's a matter of record, so that can be looked up. I believe that it met once a month in Washington, and Paul would meet with that for at least half the day. I think sometimes they would meet again after lunch and continue further. Usually, there was a program of presentations to the advisory committee by various officers of the ECA.

Q: How did that work vis a vis—I mean, was its advice heeded?

BISSELL: Its advice was taken seriously, I think, yes, especially, perhaps, in the earlier stages. I think Paul and some others rather lost patience with that advisory committee; I don't think for any specific reason. I don't ever remember, for instance, an issue on which the advisory committee was highly critical, and the staff of the ECA was completely opposed to what they suggested.

Their recommendations were more apt to come out in the course of their half-day or full-day meetings with Paul and some of his senior advisors. At that stage of the game, I would be one of the officers attending, I think, most of its meetings. But it wasn't until later on when I became deputy director that I had to attend all of them.

I always thought it was a rather good device. Admittedly, it's time consuming, but it's helpful, I think, to most government organizations that I've ever worked in to have an outside group that periodically takes a look at what they're doing, hears reports and comments.

Q: It serves as a two-way street, doesn't it?

BISSELL: Yes.

Q: And then from them, out to their own constituents.

BISSELL: Right.

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Q: Mr. Bissell, I know from reading the various histories I've read by Hogan and others that you played a role in how the European organization was formed. I believe you played a role in what its role was to be. Isn't that correct?

BISSELL: I imagine so, yes. I don't remember making specific recommendations on some particular occasion.

Q: In a recent history by Michael Hogan—I don't know whether you've seen that history.

BISSELL: No.

Q: Hogan claims that the Europeans weren't that eager to get together and have an organization with any kind of power authority and that, I believe, Mr. Hoffman, you and Averell Harriman pushed rather hard that there be a regional organization.

BISSELL: Yes. There's no doubt about that.

Q: I wonder whether you'd talk just a little bit about that.

BISSELL: Well, Paul and Averell felt very strongly, and I think wisely, that the major decisions about the program should be made by the Europeans and that the ECA would have to make certain rules about procedures for obtaining aid and timing and things of this kind, but that the major substantive policy decisions should be those of the Europeans and that any such decisions which were of concern to a number of countries, or to all of the participating countries, therefore had to be made by a central organization, and that was the role of the OEEC.

The Europeans differed in their reactions to that. The French, I think, always were in favor of a strong OEEC. I'm inclined to think the Italians were. At this stage of the game, of course, Germany didn't exist as a country or a jurisdiction that could play a policy role.

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Q: Although General Clay was a powerful player?

BISSELL: He was a very powerful player. I think the British were then, as in some measure they are to this day—

Q: 1990.

BISSELL: —reluctant to see the OEEC become too powerful. But it did take pressure. And after Harriman's office got organized, I think that was a field in which he really took the lead within the U.S. government.

I think it must have been in the fall of '48, the time when there had to be a second-year program prepared, and the issues arose as to how the aid would be divided by countries. And I know that Averell was most insistent there, that even though ECA representatives would work with the Europeans, in the end, there had to be an agreed division of aid that represented the consensus of the OEEC.

I think that was a difficult one to get over. I think once that first division of aid decision, which was so extremely sensitive for all countries concerned, once that was accomplished and it was demonstrated that you could indeed insist on the Europeans arriving at a consensus, that they were increasingly glad to have that responsibility in the hands of the OEEC rather than just unilaterally in the hands of the U.S.

Q: Mr Bissell, did you or Mr. Hoffman or Mr. Harriman have then an idea that Europe should cooperate more and more in a regional way as our own United States was a hope? Did you have that in the back of your mind?

BISSELL: Yes, that certainly was in the back of our minds almost from the beginning. I don't think that in the winter of '48-'49 that was a major stated goal. And both in the Paris office, people like Linc Gordon and the gentleman who was the finance officer there—

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Q: Henry Tasca.

BISSELL: —Henry Tasca—they were very strong supporters of this; Averell likewise. And in Washington, certainly in my part of the organization, we were very strong supporters and eager to use the influence that U.S. financing gave us to push the Europeans in the direction of a greater economic union.

Q: You might say that you all were the godfathers of what's going to be happening next—what is it, 1991?

BISSELL: Yes, I think it's next year.

Q: On that very subject, and on other policy matters, what was your relationship with the Department of State?

BISSELL: Well, the one we've just been talking about became a major policy issue because the position that evolved in the ECA was that the Europeans should be encouraged to lower trade barriers and foreign exchange barriers among themselves without having, at the same time, to make their currencies fully and freely convertible into dollars. It was our view, which I have always felt was correct, that their currencies were not strong enough; their trade was still badly out of balance, and they simply could not, in the immediate future, go for free convertibility, but that the freeing of intra-European trade and payments should not have to await the time when all the participating countries could make their currencies convertible.

This put us on a collision course with the Treasury, and, to some extent, with the Economic Bureau of the State Department. The traditional and long-standing position of the U.S. Government on this matter was that the world should be moving as rapidly as possible toward full convertibility. And there was a very great deal of suspicion that if the Europeans were allowed to form a regional organization of any sort, with the regional

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market protected by inconvertible currencies, that this would forestall the achievement of general convertibility. We took a very opposite view.

Well, then, in the summer, I think it was of '49, Paul went to Paris and was going to make an important speech to the OEEC. And I went over, and we drafted a speech for him, or at least parts of it, in which he enunciated very clearly our insistence on the freeing of the intra-European trade. This was cabled back to Washington, and someone in the State Department thought it was going too far and too fast. And that opinion was relayed back to us, and someone with Averell's backing, at least, and support, Paul, decided to disregard that State Department comment and gave the speech as written with its very strong shove in the direction of a European regional organization.

Q: Mr. Hogan, in his book—I guess he did not talk with you about it—says that he thought that you had drafted a great deal of that speech.

BISSELL: Well, I drafted part of it, yes. But I was doing this with Linc Gordon and Henry Tasca and with my colleagues in Washington. I would say that it represented the views of at least half a dozen senior officers in the ECA.

Q: But that finally seemed to become the policy, then, of the U.S. Government.

BISSELL: It was pretty much accepted. I remember I came back from this trip to Paris and had to attend in person the—what is it? It's not the National Monetary Council.

Q: I know what you mean. That was that overall committee.

BISSELL: Yes. It was chaired by the Secretary of State. And by this time, the Secretary of Treasury was John Snyder. The State Department was represented by Willard Thorp, Assistant Secretary for Economic Affairs, and I'm pretty sure in those days it was an Assistant Secretary for Economic Affairs.

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Q: Yes, *it was*.

BISSELL: And I faced a most hostile group. By this time, of course, they knew the speech had been given, they knew what it said and they didn't agree with it. And I defended our course of action, and the committee rather grumpily adjourned, as I remember. There wasn't a great deal they could do about it. I mean, the speech had been made. And I think, as time went on, more and more people came to support the position we'd taken.

To follow that at least a year ahead, it was the following year, as I remember it, that the European Payments Union was established, taking the place of the sort of makeshift arrangements for drawing rights that had been a feature of the first two or three years of the Marshall Plan.

Q: *Henry Tasca played a leading role in that, did he not?*

BISSELL: A very major role in that.

Q: *I believe he called in as a consultant Robert Triffin, from Yale.*

BISSELL: Yes, he did. I knew Triffin well. And there was also a man, whose name will probably come back to me, who was the economic attach# in the Paris Embassy.

Q: *Tommy Tomlinson. The famous Tommy Tomlinson.*

BISSELL: He was privy to all of these discussions and, by and large, was very constructive and helpful about it. But the EPU, once formed, began to function very smoothly, and the objective of intra-European trade free from the restrictions of inconvertible currencies was accomplished. And really, for all practical purposes, the European currencies became pretty freely convertible one into another, while still inconvertible into the dollar.

Q: *A very good solution.*

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BISSELL: That worked out well. I remember after I had left the government and Harold Stassen had succeeded Averell as national—

Q: He was a coordinator for Mutual Security.

BISSELL: Yes, that's right. Harold used me as a consultant for a while, but he wanted to get an opinion on this rather technical matter of the EPU, and he called a group of three advisors. One of those was Louis Douglas, who had been my boss in the shipping administration during the war and President of a large insurance company in New York—Prudential, I think. And Lou and two other men, well known but whose names I've forgotten for the moment, came to Washington and got briefed on this. And I remember that Lou especially became very enthusiastic about the European Payments Union and said that this was a major achievement and that it should be continued to be backed by the U.S. So I think in the end on that whole issue, the view that originated within the OEEC did get adopted and remained U.S. policy until it was possible to move toward general convertibility.

Q: Now, your own role, Mr. Bissell—you were, as you say, the head of the program operations, and later you became the deputy, I believe.

BISSELL: Yes, I did. I think I succeeded Howard Bruce. And by that time, I believe that Bill Foster had succeeded Paul Hoffman because while I was deputy, I was deputy to Bill Foster.

Q: A great gentleman.

BISSELL: A great man, yes.

Q: A great man. I liked him.

BISSELL: He and I were very good friends, and we got along really very well.

Library of Congress

Q: Did you play a role in the selection of personnel to various positions? You say in the early days, Mr. Hoffman—and I do know from other information that Tex Moore assisted him in selecting some of the top mission directors.

BISSELL: Right. I think in the first round, I didn't play much of a role. Paul may well have asked my advice on some individuals, and I may have given him some. But for the most part, the men that he recruited as mission chiefs were people I had not known, and I couldn't be helpful to him.

In the Paris office, I had known Averell for some time, and I'd gotten to know him quite well during the Harriman Committee days. I don't think I had known Bill Foster before he was Averell's deputy in Europe, but we hit it off from the start. I had known Linc Gordon for a long time, especially during the days of the Harriman Committee, and, indeed, I think I was instrumental in getting Linc to leave the business school and come into the ECA. I was trying to get him to be the head of the program division in Washington, but he preferred the opportunity to go to Paris and have the sort of comparable position there, which he did. I don't remember very many other cases.

Q: Mr. Bissell, Linc Gordon mentioned that there was a meeting in Washington, I believe—or maybe it was Ed Martin—that mentioned that a group used to meet at the Metropolitan Club for lunch, and I don't know whether you were a member of that group.

BISSELL: I may have been for a part of the time, but I don't remember it very clearly, and I don't think I was a consistent member.

Q: One thing that does intrigue me about any organization is that there are the formal relationships, such as the various committees that you must have sat on, but it was the informal relationships that are very important, too—relationships and friendships that seemed to smooth the way things operate. You must have had people that you knew in the State Department and in the Treasury Department that—

Library of Congress

BISSELL: I did in both. I really don't have many, if any, friends in the Treasury Department, partly, I suspect, for ideological reasons. I had known Frank Southard slightly from before the war. And he, by the time we're talking about—the time of the Marshall Plan—was, I think, the U.S. Director of the International Monetary Fund. I don't think he had a connection with the World Bank. I used to see Frank occasionally. He and I had always disagreed on matters of economic policy, and he was, I think, one of the individuals most opposed to the line we took that I talked about a few minutes ago—a regional arrangement for the European nations.

I had a number of friends, it seems to me, in the State Department. During the Harriman Committee, I think Linc was down working as a consultant there. I'm not sure of that.

Q: I think so—with C. Tyler Wood.

BISSELL: Yes. I knew Tyler Wood quite well and came to know him extremely well.

I've forgotten who was Assistant Secretary for European Affairs at the beginning of the Marshall Plan. There was a gentleman, whose name I think will come back to me, who was on the French desk in the State Department, and he was a good friend, and I think he later was Assistant Secretary for European Affairs.

I'm trying to think of others, and names may come to me, but only these—well, General Bonesteel was working for Mr. Lovett during this period, and I knew him all the way through.

Q: Lovett was a very key person in all of this.

BISSELL: He was a very key person and had a lot to do with the Marshall Plan legislation and getting it passed. I think he was very effective. Bonesteel, as you know, having worked for Lovett during this initial period and really, I think, being Lovett's assistant for the preparatory stage of the Marshall Plan, then was in Paris as assistant to Averell Harriman.

Library of Congress

I knew Jack Oley during this period—I think better a little bit later in the period than at the start. I don't know what Jack was doing at the time the Marshall Plan was approved, but I think it was a bit later, when the technical assistance organization was formed, that Jack came on the scene and, of course, is very prominent thereafter.

Q: Let's speak just a little about the technical assistance part of it. That came later, did it not?

BISSELL: It did.

Q: What did it consist of? What were its functions?

BISSELL: Well, its name conveys most of the meaning. It was conceived as a relatively inexpensive way in which the U.S. could make, if you like, transfers of technology to developing countries. It was used extensively in Latin America and I think in some locations in Southeast Asia. I don't know how much of a program there ever was in Africa.

The method of operation would be to have a smallish mission in each recipient country. That group would consist primarily of technical people—engineers, agricultural experts, sometimes financial technicians. And its purpose simply was to train and advise local staffs on technical matters in all fields.

Q: I believe there was a productivity program that worked with the maintenance in Western Europe.

BISSELL: That was done by the ECA rather than by the Point Three organization.

Then, when Averell came back from being the Ambassador in charge of the Paris office of the Marshall Plan and was made Mutual Security Administrator, both the ECA and the technical assistance organization were under him. Also, by that time, there was, I think, in

Library of Congress

the State Department—but it may have been partly there and partly in the Pentagon—an organization on military aid.

So I think that in the first year or so of the Mutual Security Administration, it had three main operating units—the former ECA for economic affairs, the former technical assistance organization for technical assistance and a military assistance organization, the last being drawn, I think, partly from the Pentagon and partly from the State Department. Frank Nash, at that time, was Assistant Secretary of Defense for International Security Affairs and was the active official—very senior official—in the Department of Defense for these programs.

Q: Perhaps to sum it up, Mr. Bissell, why do you think the Marshall Plan was as effective as it was? It's become a synonym for many things, but just generally, why do you think it was as effective as it was?

BISSELL: Well, basically, it was successful, and it could be successful because in Europe, all the necessary elements for advanced industrial economies were present. There was a trained working force. There were governmental structures that were reasonably well organized, reasonably efficient, reasonably honest. The infrastructure was very much in place.

I was impressed, from my very first trip during the Marshall Plan to Paris, with the degree to which such basics as transportation systems, electric power systems and the like were all functioning. The physical damage of the war, except in Germany, had been quite largely dealt with, and so what Europe was so desperately short of was working capital. Its foreign exchange reserves were so low that it couldn't import the foods and raw materials that it needed to have to get production going and then, in turn, to begin to earn the wherewithal to pay for their imports.

And what the Marshall Plan provided was working capital in basically food, raw materials, equipment and, of course, technology. But really it can be subsumed under the heading

Library of Congress

of working capital so that the European countries could begin to import what they needed on a large scale before their production had reached a level at which they could afford to pay for it themselves. As their production went up very rapidly, they were more and more able to do that. They still, by the fourth year of the Marshall Plan, faced a serious foreign exchange shortage, actual or potential. But gradually, in the '50s, they overcame those and were able, as we know, to pay their way and then some.

Q: Of course, there was also the input of the regional organization that you were able to—

BISSELL: Yes. I think the organization, and I think that given the basic situation as I've characterized it, I think the U.S. administered the aid in sensible fashion. It didn't try to do too much to interfere to too great an extent with the existing organization of the European economy. One of the main things we did do, which I've just been talking about, is to get rid of all kinds of barriers to intra-European trade. And this, again, was a kind of catalytic action that enabled the Europeans to make better use of their resources and their knowledge skills.

Q: Speaking as we are in September of 1990, you here and there keep saying what is really needed in Eastern and Central Europe is a Marshall Plan. What would be your comment on that?

BISSELL: Well, my comment primarily would be that in a good deal of Eastern Europe, including East Germany, I think the economies are in such a mess that the kind of rapid increase in output that was achieved in the Marshall Plan in Western Europe might be difficult to achieve.

But there's no doubt that one of the things that the Eastern European countries need at this point is the same kind of working capital, and for the same reason that they are not able—once they cut loose from Russia and cease to obtain the bulk of their imports by barter—they're not yet able to earn enough foreign exchange for their needed imports from abroad. And a big infusion of working capital might help them. But whether the underlying

Library of Congress

conditions for prosperity are there as they were in Western Europe, it's hard to say. I certainly think they're not there in the same degree that they were in Western Europe.

What really disturbs me, though, is the not infrequent suggestion that the Marshall Plan approach is appropriate not for industrial countries like Europe, but for developing countries still in the very early stage of development. And their need is not for working capital, which by its very nature can be quickly supplied if the money is available from some source; their need is to learn the skills of a modern economy, the infrastructure of a modern economy, and those are things that cannot be supplied quickly. It's just going to take a long time for a number of the Latin American countries and for most of the Central African countries to acquire those under the best of circumstances.

Q: Well now, just to finish up. You were with the Marshall Plan from its very beginning until when, Mr. Bissell?

BISSELL: Well, I have to look that up. I left it in January of 1952, having started in April of '48. But after that, I was a consultant on about a half-time basis or more to the Director of the Mutual Security Agency for most of the rest of that year.

Q: The Director then being Averell Harriman?

BISSELL: Well, I was as long as Averell was there, but then, as I mentioned—Q: Then with Harold Stassen.

BISSELL: I continued to be a consultant for maybe six months to Harold Stassen.

Q: Very good, sir. Thank you very much. I appreciate this.

End of interview